
Introduced by Senator Burton

January 22, 2004

An act to amend Sections 14977.1 and 14981 of the Government Code, relating to public contracts.

LEGISLATIVE COUNSEL'S DIGEST

SB 1144, as introduced, Burton. Public contracts: prescription drugs.

Existing law authorizes the Department of General Services to enter into contracts on a bid or negotiated basis with manufacturers and suppliers of single source or multisource drugs, and authorizes the department to obtain from them discounts, rebates, or refunds as permissible under federal law. Existing law also requires the department, on or before February 1, 2005, to submit a report containing specified information to certain committees of the Legislature regarding the purchase of prescription drugs for government agencies.

This bill would provide that the manufacturers and suppliers of single source or multisource drugs with whom the department is authorized to contract shall include Canadian sources. The bill would also require the report to include estimated costs and savings attributable to the purchase of prescription pharmaceuticals from Canadian sources.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. It is the intent of the Legislature that in enacting
2 this act to authorize the Department of General Services to achieve



1 the greatest savings for the state and participating government
2 entities through the negotiation of contracts for the purchase of
3 prescription drugs with prescription drug manufacturers,
4 wholesalers, and suppliers.

5 SEC. 2. Section 14977.1 of the Government Code is amended
6 to read:

7 14977.1. (a) Notwithstanding any other provision of law, the
8 Department of General Services may enter into exclusive or
9 nonexclusive contracts on a bid or negotiated basis with
10 manufacturers and suppliers of single source or multisource drugs.
11 *These manufacturers and suppliers shall include, but are not*
12 *limited to, Canadian sources.* The department may obtain from
13 those manufacturers and suppliers, discounts, rebates, or refunds
14 based on quantities purchased insofar as permissible under federal
15 law. Contracts entered into pursuant to this chapter may include
16 price discounts, rebates, refunds, or other strategies aimed at
17 managing escalating prescription drug prices.

18 (b) Contracts under this chapter shall be exempt from Chapter
19 2 (commencing with Section 10290) of Part 2 of Division 2 of the
20 Public Contract Code.

21 SEC. 3. Section 14981 of the Government Code is amended
22 to read:

23 14981. On or before February 1, 2005, the department shall
24 submit a report to the appropriate policy and fiscal committees of
25 the Legislature on activities that have been or will be undertaken
26 pursuant to this chapter. The report shall include, but not be limited
27 to, all of the following:

28 (a) The number and a description of contracts entered into with
29 manufacturers and suppliers of drugs pursuant to Section 14977.1,
30 including any discounts, rebates, or refunds obtained.

31 (b) The number and a description of entities that elect to
32 participate in the coordinated purchasing program pursuant to
33 Section 14977.5.

34 (c) Other options and strategies that have been or will be
35 implemented pursuant to Sections 14978 and 14980.

36 (d) Estimated costs and savings attributable to activities that
37 have been or will be undertaken pursuant to this chapter,

- 1 *including, but not limited to, the purchase of prescription*
- 2 *pharmaceuticals from Canadian sources.*

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